§ 941.103 Definitions.

The terms *HUD* and *Public Housing Agency (PHA)* are defined in 24 CFR part 5.

Act. The U.S. Housing Act of 1937 (42 U.S.C. 1437).

Annual Contributions Contract (ACC). A contract (in the form prescribed by HUD) for loans and contributions, which may be in the form of grants, whereby HUD agrees to provide financial assistance and the PHA agrees to comply with HUD requirements for the development and operation of a public housing project.

Construction Contract. A contract between the PHA and a contractor to build or rehabilitate a project using the conventional development method.

Construction documents. The working drawings and construction specifications and the rehabilitation work write-ups, where applicable, that set forth the work to be done under a construction contract or contract of sale.

Contract of sale. A contract between the PHA and a developer whereby the PHA agrees to purchase a completed project after construction or rehabilitation by a developer using the turnkey development method.

Cooperation Agreement. An agreement between a PHA and the applicable local governing body or bodies which assures exemption from real and personal property taxes, provides for local support and services for the development and operation of a public housing project, and provides for PHA payments in lieu of taxes.

Design documents. The preliminary drawings and specifications and the preliminary rehabilitation work write-ups, where applicable, in sufficient detail to define the extent of construction or rehabilitation and demonstrate compliance with HUD design and construction standards.

Proposal. A document submitted by a PHA to HUD, in accordance with subpart C of this part, for approval of the development of a public housing project. As used in this part, ''proposal'' refers to both the ''site acquisition proposal'' (§ 941.303), and the ''full proposal'' (§ 941.304), unless specifically indicated otherwise.

Reformulation. The procedure by which HUD approves division of a project (including units and related funds) into two or more projects, or combining two or more projects into one, or redistributing units and related funds in a project among two or more projects, in order to provide PHAs with the flexibility to adapt to site availability, to resolve development problems, to acquire buildings ready for development (before acquisition of other buildings), and to save on interest and initial operating costs.

Total development cost (TDC). The sum of all HUD-approved costs for planning (including proposal preparation), administration, site acquisition, relocation, demolition, construction and equipment, interest and carrying charges, on-site streets and utilities, non-dwelling facilities, a contingency allowance, insurance premiums, off-site facilities, any initial operating deficit, and other costs necessary to develop the project. The total development cost in the proposal, when reviewed and approved by HUD, becomes the maximum total development cost stated in the ACC. Upon completion of the project, the actual development cost is determined, and this becomes the maximum total development cost of the project for purposes of the ACC. The maximum total development cost excludes costs funded from donations.

[45 FR 60838, Sept. 12, 1980, as amended at 56 FR 13282, Apr. 1, 1991; 58 FR 62524, Nov. 29, 1993; 61 FR 5214, Feb. 9, 1996; 61 FR 38017, July 22, 1996; 62 FR 27125, May 16, 1997]

Subpart B—PHA Eligibility and Program Requirements

§ 941.201 PHA eligibility.

(a) *General.* In order to participate in the public housing program, a PHA must be approved as an eligible PHA. HUD will determine eligibility based on a showing that the PHA has the legal authority and local cooperation required by this part.

(b) *Legal authority.* The PHA must demonstrate that it has the legal authority to develop, own, and operate a public housing project under the Act.

(c) *Troubled PHAs.* Unless HUD determines that a PHA that has been classified as troubled or modernization-troubled, in accordance with 24 CFR part 901, has adequate capacity to develop

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